Supreme Court, U.S.
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No. 05-

IN THE

Supreme Court of the United States

FORT JAMES CORPORATION,

Petitioner,

v.

SOLO CUP COMPANY,

Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR WRIT OF CERTIORARI

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WILSON-EPES PRINTING CO., INC. – (202) 789-0096 – WASHINGTON, D. C. 20001

QUESTION PRESENTED

1. Whether the Federal Circuit erred in holding that an unconditional covenant not to sue or challenge a verdict does not moot the controversy and thus divest a district court of jurisdiction over an unresolved declaratory judgment counterclaim because the covenant was granted *after* the verdict rather than before the verdict.

CORPORATE DISCLOSURE STATEMENT

Pursuant to this Court's Rule 29.6, petitioner Fort James Corporation states that its parent corporations and publicly held companies that hold 10 percent or more of its stock are Georgia Pacific Corporation.

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INTRODUCTION

Federal district courts are busy enough without being ordered by the Federal Circuit to issue advisory opinions on issues that have been rendered moot. Yet, that is exactly what happened in this case when a panel majority ruled that a post-verdict covenant not to sue or challenge the verdict did not extinguish declaratory judgment jurisdiction over a "defensive" counterclaim.[1] This Court repeatedly has held that Article III of the Constitution and the Declaratory Judgment Act require an actual case or controversy at "all stages of review." *Preisser v. Newkirk*, 422 U.S. 395, 401 (1975). The Federal Circuit's attempt to change "all stages of review" to "before the verdict" simply cannot stand under this Court's precedent, and the practical effect of such a change on our district courts would be to increase an already enormous workload.

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[1] By "defensive," Fort James means a declaratory judgment claim that parallels what might also appear as an affirmative defense, *e.g.*, a counterclaim seeking a declaration that the patent at issue is invalid or is unenforceable, or a *Walker Process* antitrust claim. *See, e.g., Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 95-96 (1993); *Teva Pharms. USA, Inc. v. Pfizer, Inc.*, 395 F.3d 1324, 1332 (Fed. Cir. 2005), *cert. denied*, 126 S. Ct. 473 (U.S. Oct. 11, 2005); *Unitherm Food Systems, Inc. v. Swift-Eckrich, Inc.*, 375 F.3d 1341, 1357-58 (Fed. Cir. 2004), *cert. granted in part*, 125 S. Ct. 1396 (U.S. Feb. 28, 2005). Under long-standing law, both at and pre-dating the Federal Circuit, such a declaratory judgment claim requires that the declaratory judgment plaintiff have a reasonable apprehension of liability to the patent owner. *See, e.g., Teva*, 395 F.3d at 1332; *Societe de Conditionnement en Aluminum v. Hunter Eng'g Co.*, 655 F.2d 938, 944 (9th Cir. 1981); *Super Prods. Corp. v. D P Way Corp.*, 546 F.2d 748, 753 (7th Cir. 1976); *Sherwood Med. Indus., Inc. v. Deknatel, Inc.*, 512 F.2d 724, 727 (8th Cir. 1975); *Sweetheart Plastics, Inc. v. Ill. Tool Works, Inc.*, 439 F.2d 871, 874 (1st Cir. 1971).

In reaching its flawed result, moreover, the Federal Circuit turned this Court's opinion in *Cardinal Chemical Co. v. Morton International, Inc.*, 508 U.S. 83 (1993), on its head. In *Cardinal Chemical*, this Court held that an appellate court's affirmance of a district court's finding of non-infringement does not, by itself, permit the appellate court to vacate a judgment of invalidity as moot, because an interim ruling may be set aside or appealed. In contrast, this Court observed, other events during the course of the litigation may create "definitive mootness" that requires the dismissal of a declaratory judgment count. Relying on *Cardinal Chemical*, however, the Federal Circuit held that a verdict was not only inadequate by itself to moot a counterclaim, but actually provided a shield against any later act mooting the claim. This legal error defies logic and ignores the express holdings of *Cardinal Chemical* and this Court's case law on ripeness and mootness. Because declaratory judgment counterclaims of patent non-infringement and invalidity are unique to patent law, no split of circuit authority can develop and this Court should now exercise its supervisory power to correct the Federal Circuit's gross departure from the accepted and usual standards regarding declaratory judgment jurisdiction. The Federal Circuit's monopoly on matters of patent law does not give it license to set its own rules as to what is a justiciable controversy and what is not.

OPINIONS BELOW

The Federal Circuit's decision is reported at *Fort James Corp. v. Solo Cup. Co.*, 412 F.3d 1340 (Fed. Cir. 2005), and reprinted in the Appendix ("App.") at 1a-26a. The order denying the Combined Petition for Panel Rehearing and Rehearing En Banc (App. 27a-28a) was entered on September 1, 2005 and is unreported. The decision of the United States District Court for the Eastern District of

Wisconsin (App. 29a-35a) was entered on January 15, 2003 and is unreported.

JURISDICTION

The Federal Circuit rendered its decision on June 22, 2005, App. 1a-26a, and denied a timely petition for rehearing on September 1, 2005, App. 27a-28a. This Court has jurisdiction under 28 U.S.C. § 1254(1).

PERTINENT CONSTITUTIONAL AND STATUTORY PROVISIONS

Article III, section 2 of the United States Constitution provides in relevant part:

"The judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties made; [and] to Controversies . . . between citizens of different States . . . ."

28 U.S.C. § 2201 provides in relevant part:

"In a case of actual controversy within its jurisdiction . . ., any court of the United States . . . may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought."

STATEMENT OF THE CASE

At issue in this case is whether—in cases where subject matter jurisdiction over a declaratory judgment count requires the declaratory judgment plaintiff's apprehension of suit or liability—an unconditional promise by the declaratory judgment defendant that negates the apprehension is effective to eliminate jurisdiction *only* when given prior to a verdict, but *not* at all stages of litigation.

This is a case that ended almost three years ago, and the patents-in-suit are now expired. On November 25, 2002, the jury returned a "tie" verdict finding Fort James's U.S. Patent No. 4,609,140 ("the '140 Patent") to be valid but not infringed by Solo, and finding U.S. Patent No. 4,721,499 ("the '499 Patent") not infringed. (Solo did not challenge the validity of the '499 Patent.) Subsequently, to put this matter to rest, on December 13, 2002, Fort James provided Solo with a written unconditional covenant ("the Covenant") that it would not to seek to overturn the jury's verdict by means of post-trial motions, appeal, or otherwise, and that it would not assert any patent infringement claim against Solo under any claim of the patents in suit with respect to "any product currently advertised, manufactured, marketed or sold by Solo, or any product which was advertised, manufactured, marketed or sold by Solo [prior to the date the covenant was executed]."

The District Court addressed Solo's residual declaratory judgment counterclaim of unenforceability of the '140 Patent (which was not put to the jury) in an order issued January 15, 2003. App. 29a. There, the District Court concluded that it did not have subject matter jurisdiction because the Covenant eliminated the existence of a case or controversy between the parties. Accordingly, the District Court ruled that "the currently unresolved counterclaims are moot." App. 35a. The '140 Patent subsequently expired in September 2003. Over one year after the District Court order, in April 2004, Solo appealed to the Federal Circuit, challenging the District Court's dismissal of the unenforceability counterclaim and seeking remand to hold a hearing on the inequitable conduct allegations that formed the basis of its counterclaim.

On June 22, 2005, a panel majority of the Federal Circuit issued its decision in a precedential opinion, reversing the District Court's ruling that it lacked subject matter